



Faculty & Staff Benefits Committee

Minutes

Tuesday August 14, 2018

3:30pm to 5:00pm

Herzstein Latin American Reading Room, Zimmerman Library

Attendees: (taken from sign-in sheet – for those who signed in)

Fran Wilkinson	University Libraries & Learning Sciences
Dorothy Anderson	Human Resources
Joey Evans	Human Resources
Brooke Cholka	Research & Compliance
Donna Smith	Retiree Association
Pamina Deutsch	Policy Office
Mark Maddaleni	Arts & Sciences
Marcia Sletten	Health Science Center
Shawn Berman	Anderson School
Dimitiev Vassilev	Mathematics/Statistics
Gene Henley	Public Administration

<i>Excused:</i>	Carol Bernhard	College of Education
	Keeta Harnett	Law Library
	Leslie Jones Easom	UNM Retiree Association

<i>Absent:</i>	Codruta Soneru	Anesthesiology
	Trudi Flynn	Payroll

<i>Guests:</i>	Robert Gary	Anderson School
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<i>Minutes:</i>	Dennis Dunn	Office of University Secretary
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Meeting called to order @ 3:30pm.

Quorum was met.

This is the first meeting of FY19.

- Staff members of the committee have all been appointed and Finnie Coleman, Faculty Senate President Elect, is working on Faculty appointments for the committee. At the next Benefits meeting elections will be held for faculty and staff Co-Chair, and to elect a member of the committee to attend the Budget Leadership Team (BLT).



Faculty & Staff Benefits Committee

Agenda:

- Approved.

Minutes:

- June 12, 2018 minutes. Due to problems with emailing the June minutes to committee members, approval will be put off until the next Benefits Committee meeting. Efforts will be made to get the June minutes emailed to committee members.

Introductions:

- Robert Gary, cochair of the Faculty Senate Budget Committee, attended today's meeting as a Guest. Fran introduced Robert and then introductions were made around the table.

Human Resources Updates:

Joey Evans, HR Benefits

- Joey's primary presentation today was an update on changes to the Education Retirement Board (ERB). Due to the complexity of this update it was decided to address the other HR updates first.
 - **Senior Medical Plan RFP** – It has been approved. Blue Cross/Blue Shield, Presbyterian, Etna and Humana will manage the Advantage Plans, and, AARP and United Health Care will manage the Supplemental Plans.
 - **Supplemental Retirement Plans** – Joey explained the plans being offered by Fidelity for financial planning. The choices to select from has been reduced from 169 to 22 to offer the highest producing funds. The vendors include Fidelity, TIAA, Voya, Valic and Met Life. HR is proposing to reduce the choices to two companies: TIAA and Fidelity.
 - **Veteran's Hiring Process** - Dorothy Anderson gave an update on President Stokes' Veterans Hiring Process for UNM. These would be non-contract staff positions. The program begins 8-15-18 and will run till the end of the fiscal year.

Policy Update:

Pamina Deutsch, Policy Office

- President Stokes has approved the following benefits related policies, all of which were minor changes that were processed using an expedited process:
 - UAP 2140 "Use and Possession of Alcohol on University Property"
 - UAP 3415 "Leave with Pay"
 - UAP 3440 "Family and Medical Leave"
 - UAP 3600 "Eligibility for Employee, Retiree, and Dependent Benefit Plans"
 - UAP 3700 "Education Benefits"
 - UAP 4000 "Allowable and Unallowable Expenditures"
 - UAP 4030 "Travel"

(Please see handout attached below)
- Pamina announced that she will be retiring from UNM on September 30, 2018. She will have an interim replacement who will attend the Benefits Committee meetings.



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VEBA Committee Update:

Fran Wilkinson, University Libraries & Learning Sciences

- The VEBA Committee did not meet last month.

Budget Leadership Team (BLT) Update:

Gene Henley, Public Administration

- Gene reported that the next BLT meeting will be in September and then will occur with increasing frequency throughout the academic year.

Retiree Association Update:

Donna Smith, Retiree Association

- Donna stated that she will give her Retiree Association report during Joey Evan's report on the Education Retirement Board (ERB), since the two issues are related.

Education Retirement Board (ERB) Update:

Joey Evans, HR

- *(Please see handout attached below)*
- These changes represent proposed changes designed to move the ERB's funding status to 100% in a shorter period of time. This is expected to be accomplished in 61 years, but ERB would like to see it accomplished in 30 years, or less. These changes would take effect on July 1, 2019.
- The changes:
 - Employer contributions need to increase. This will affect university budgets.
 - Require contributions from Public Employee Retirement Association (PERA) employees working at UNM. 80% of UNM police employees are PERA retirees and this proposed change could affect the recruitment of PERA employees to the UNM police department.
 - The Return to Work (RTW) statute expires at the end of 2021. The proposal is that any retired UNM employees who want to return to work will be required to wait six months and also contribute to the ERB fund.
 - A new tier multiplier will now be applied. 1.35% for the first ten years of employment. 2.35% for the second ten years of employment. 3.35% for the next ten years of employment. This will only apply to new hires after July 1, 2019.
 - Suspend the Cost of Living Adjustment (COLA) for five to ten years, or until fully funded. This is only being recommended at this time. An alternative is rather than suspending COLA, ERB is considering an annual maximum COLA increase of 1% until the plan is full funded.
- All of these changes will be submitted for approval as one package, and not individually.
- Donna Smith pointed out that the UNM Retiree Association has been working on this issue since 2013 and they attend all the Investment and Oversight committees of the state legislature.
- Discussion of these issues, and related issues, will be continued at the September committee meeting.



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Other Business:

None.

Next Meeting:

September 11, 2018

3:30pm – 4:30pm

Zimmerman Library, Herzstein Latin American Reading Room

Adjourn: 4:55 pm



Minor Revisions to University Administrative Policies (UAP)
Faculty Staff Benefits Committee on August 14, 2018

Today President Stokes approved the following minor revisions to benefits-related policies, which will be issued on the Policy Office website in a day or two. To view these policies, go to <http://policy.unm.edu>.

UAP 2140 (“Use and Possession of Alcohol on University Property”)

Revisions authorize the sale of alcohol at the Tap Room, and substitute “hospitality events” for “social functions” to be consistent with UAP 4000 (“Allowable and Unallowable Expenditures”).

UAP 3415 (“Leave with Pay”)

Revisions to Section 3.6 clarify that employees on jury duty may retain payments for mileage, in conformance with state law and a Faculty Handbook Policy on jury duty. Revisions to Section 3.7 describe Human Resources’ role in coordinating administrative leave with pay.

UAP 3440 (“Family and Medical Leave”)

Revisions align the policy with the federal Family and Medical Leave Act regulations, in particular definitions of a “child” and “parent” (Section 3) and descriptions of “serious health conditions” (Section 6). Revisions to Section 4.1 clarify that although FMLA leave is unpaid it may be used in conjunction with paid leave.

UAP 3600 (“Eligibility for Employee, Retiree, and Dependent Benefit Plans”)

Revisions to Section 2.1 extend, for one additional year, temporary changes that expand the categories of employees eligible for benefits covered by the policy. Revisions to Section 2.2 delete outdated information. Revisions to Section 3.6 clarify the treatment of retirees who retired prior to July 1, 2013, the effective date of the Voluntary Employee Beneficiary Association established to fund retiree health benefits.

UAP 3700 (“Education Benefits”)

Similar to the change noted above for UAP 3700, revisions to Section 2.1 extend, for one additional year, temporary changes that expand the categories of employees eligible for education benefits.



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UAP 4000 (“Allowable and Unallowable Expenditures”)

Revisions to Section 4 clarify when reimbursements and payments are excluded from taxable compensation under the IRS’s accountable plan rule, when they are included (submitted after 60 days and no business purpose), and when they will no longer be processed (after 180 calendar days). Revisions to Section 6 authorize using University funds for a new LoboCard or other identification badge when technology changes (such as a building converting from key access to a swipe card). Revisions to Section 16 require policy exceptions to be consistent with the University’s mission and not provide a personal benefit. *Note: Additional revisions planned for fall semester would prohibit the use of University funds for retirement and farewell parties.*

UAP 4030 (“Travel”)

Revisions to Section 2 mirror the accountable plan language noted above for UAP 4000. Revisions to Section 4.2 require prior approval for international travel. *Note: Additional revisions planned for fall semester would authorize the reimbursement of ordinary fees for airplane travel.*

Below is a summary of *some* changes the ERB presented to stakeholders on July 9 and August 13 for comment. These changes reflect those the ERB feel have the most support based on the survey responses from spring 2018 and stakeholder comments. The survey results are available at <http://www.nmerb.org/pdfs/Sustainability%20Survey%20Results-CHARTS.pdf>.

Based on current contributions and distribution, the pension plan is underfunded and ERB anticipates approximately 61 years to be 100% funded. ERB is contemplating presenting a package during the 2019 Legislative Session to be 100% funded in 30 years (2042). For most of the proposed changes, the effective date will be July 1, 2019.

1. Increase employer contributions by 3%, phased in at 1% per fiscal year. It is important to clarify that the state only funds employer contributions for I&G positions and UNM will be required to fund the increase for non-I&G positions. A 1% increase in employer contributions will increase – non-I&G costs by approximately \$350,000 per year. If, however, a 3% increase is phased in over three years is approved it will cost UNM slightly over \$1M.
2. Require employee contributions from PERA retirees working at UNM. These employees are currently not required to contribute to ERB. No grandfathering or exceptions are being considered for this change.
 - a. No cost impact to UNM; however, cost to UNM employees is approximately \$427,752.
 - b. May impact UNMPD Recruitment/Retention since 80% (26/32) are PERA retirees.
3. Require contributions from UNM and employees working under the RTW exceptions. This will result in an impact to UNM and employees. Grandfathering is not allowed under this proposal. Cost impact is difficult to calculate but based on November 2017 data, could cost UNM approximately \$1.3 million/year and employees \$975,000/year.
4. Future of RTW program is uncertain due to the sunset date of December 31, 2021. ERB is proposing to require a 6-month layoff for all RTW retirees with no cap on earnings. The proposal is to grandfather existing RTW and Working Retirees allowing them to continue to work; however, contributions will be required from the employee and employer (see cost in item 3 above).
5. Tiered pension multiplier for new members with no direct fiscal impact to UNM. Encourages employees to remain employed longer to earn higher multiplier.
 - a. 1.35% first 10 years, 2.35% second 10 years, 3.35% next 10 years – averaged to equal a maximum multiplier of 2.35%.
 - b. The proposed maximum multiplier of 2.35% is the same as current multiplier. However, ERB is currently evaluating an increase in the multiplier for years of service above 30 that is actuarial neutral.
6. Suspend COLA (Tier 1 & 2: age 65, Tier 3 age 67) COLA for 5 years, 10 years or until fully funded. This change is to ensure all vested parties (retiree, active and future) are included in the solvency plan. Rather than suspending COLA, ERB is now considering an annual maximum COLA increase of 1% until the plan is fully funded.
7. Next Steps: ERB Stakeholder meeting on September 6 to finalize recommendations followed by an ERB Meeting on October 19 to present proposal to the Board.